



# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

24 December 17, 2013

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

**Los Angeles County  
Board of Supervisors**

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**Mitchell H. Katz, M.D.**  
Director

**Hal F. Yee, Jr., M.D., Ph.D.**  
Chief Medical Officer

**Christina Ghaly, M.D.**  
Deputy Director, Strategic Planning

December 17, 2013

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO ADOPT A RESOLUTION INFORMING THE STATE  
DEPARTMENT OF HEALTH CARE SERVICES THAT THE FORMULA  
OPTION IS LOS ANGELES COUNTY'S FINAL SELECTION FOR  
DETERMINING PAYMENTS FROM THE HEALTH SUBACCOUNT TO THE  
FAMILY SUPPORT SUBACCOUNT  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Adopt a resolution informing the State Department of Health Care Services that the formula option is Los Angeles County's final selection of the methodology to be used in determining the amount of realignment funds to be redirected from the Health Subaccount to the Family Support Subaccount, effective for Fiscal Year 2013-14 and forward.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Adopt, and instruct the Chairman to sign, the attached resolution informing the State Department of Health Care Services (DHCS) that the formula option, specified in Welfare and Institutions (W&I) Code, Section 17600.50(c)(1), is Los Angeles County's final selection for determining the amount of realignment funds to be redirected from the Health Subaccount to the Family Support Subaccount, effective for Fiscal Year 2013-14 and forward.
2. Instruct the Director of Health Services, or his designee, to notify and provide the State DHCS with the adopted resolution of the Board's final selection prior to the notice deadline of January 22, 2014.

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Los Angeles, CA 90012

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[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

*To ensure access to high-quality,  
patient-centered, cost-effective health  
care to Los Angeles County residents  
through direct services at DHS facilities  
and through collaboration with  
community and university partners.*



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### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Under W&I Code, Section 17600.50(c), counties with designated public hospitals, including Los Angeles, are given two options for determining the amount of realignment funds, currently being assigned to the Health Subaccount that will be redirected to the Family Support Subaccount. One option is based on a formula and the other specifies a fixed percentage. The Department of Health Services (DHS) has determined that the formula option is the most advantageous to the County. The Board's adoption of the first recommendation will confirm Los Angeles County's selection of the formula option.

The Board's approval of the second recommendation will assure that timely notice is made to the State.

### **Implementation of Strategic Plan Goals**

The recommended actions support Goal 2, Fiscal Sustainability, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

DHS believes the formula option, for Los Angeles County, is the best option because it will take into account the Department's actual experience as the Affordable Care Act (ACA) is implemented, including fluctuations in Medi-Cal enrollment and utilization. The other available statutory option would establish a fixed amount of redirected funds. DHS believes the formula methodology is more advantageous because it will make adjustments on a yearly basis to the amount of redirected funds based on actual data.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

After passage of the ACA, the State expressed its intention to retain all health realignment funding that had historically been distributed to counties to support their provision of health services to the uninsured. The State believed that the counties would have few uninsured remaining once the ACA takes effect January 1, 2014, and therefore would no longer need the health realignment funds. Counties opposed the State and entered into negotiations to reach a more acceptable result.

After intense debate, agreement with the State was reached and counties were given different options for determining the amount of realignment funds that would be redirected. The State requires county boards of supervisors to adopt a resolution stating which option they are selecting. Within the formula option, Los Angeles County was able to negotiate its own unique and separate agreement with the State that better accounts for the complexity of its large, high-volume health care system and complicated revenue streams and cost structures. It is expected that the formula option negotiated specifically for Los Angeles County will provide some stability in DHS finances for the next few years. The separate Los Angeles County formula was codified in W&I Code, Section 17612.5.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The Honorable Board of Supervisors

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The adoption of the resolution will meet the statutory requirement and have no immediate impact to current services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:co

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF LOS ANGELES TO SELECT THE FORMULA OPTION FOR  
DETERMINING PAYMENTS FROM THE HEALTH SUBACCOUNT TO  
THE FAMILY SUPPORT SUBACCOUNT, AND TO INFORM THE STATE  
DEPARTMENT OF HEALTH CARE SERVICES OF ITS FINAL SELECTION**

**WHEREAS**, Welfare and Institutions Code Section 17600.50 requires counties to adopt a resolution informing the State of California of its selection of a methodology by which the amount of realignment funds redirected from the Health Subaccount to the Family Support Subaccount will be determined, effective in Fiscal Year 2013-14 and forward.

**WHEREAS**, the Board of Supervisors of the County of Los Angeles wishes to select the formula option set forth in Welfare and Institutions Code Section 17600.50(c)(1) and to assure that timely notice of that selection is provided to the State.

**NOW, THEREFORE BE IT RESOLVED** that the County of Los Angeles informs the State of California that it finally selects the option in Welfare and Institutions Code Section 17600.50(c)(1) as the methodology by which the amount of funds to be redirected to the Family Support Subaccount will be determined.

The Director of the Department of Health Services, or his designee, is ordered to advise the State Department of Health Care Services prior to January 22, 2014, of the adoption of this resolution by the Board of Supervisors of the County of Los Angeles.


The foregoing Resolution was on this 17<sup>th</sup> day of December, 2013 adopted by the Board of Supervisors of the County of Los Angeles.



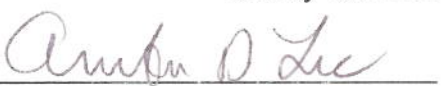
**ATTEST:** Sachi A. Hamai, Executive Officer-  
Clerk of the Board of Supervisors

By   
Deputy

**BOARD OF SUPERVISORS OF  
THE COUNTY OF LOS ANGELES**

By   
Chairman, Board of Supervisors

**APPROVED AS TO FORM:  
JOHN F. KRATTLI  
County Counsel**

By   
Anita D. Lee